



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

Date: March 17, 2016

Contact: *CI-HQ-COMMUNICATIONSEDCATION@ci.irs.gov
IRS – Criminal Investigation

CI Release #: CI-2016-03-17-A

Nevada Man Convicted of Perpetrating Nationwide Multi-Million Dollar Fraud Scheme

Defendant Defrauded Investors in Nigerian Oil Scheme and Veterans Affairs and Failed to File a Federal Income Tax Return

A Las Vegas, Nevada, resident, who served in the U.S. Marines Corps, was convicted by a federal jury yesterday in the District of Nevada of multiple fraud charges after an eight-day trial, announced Acting Assistant Attorney General Caroline D. Ciralo of the Justice Department's Tax Division.

Anton Paul Drago, formerly known as Evan Fogarty, 65, was convicted on all 10 counts of the indictment. The jury found him guilty of one count of conspiracy to commit wire fraud, two counts of wire fraud, three counts of submitting false claims to the U.S. Department of Veterans Affairs, one count of theft of government funds, one count of passing a fictitious financial instrument, one count of making false statements to federal agents and one count of failing to file a federal income tax return.

“The jury’s ability to see through the wall of lies Mr. Drago built to deceive investors sends a positive message to the victims of his scheme and to other victims of fraud around the country,” said Chief Richard Weber of IRS Criminal Investigation (IRS-CI). “By perpetrating this abusive tax scheme and defrauding the U.S. government and victims of this scheme, Mr. Drago set in motion a chain of events that ultimately led to his downfall. IRS-CI is proud to be part of the investigative team that brought Mr. Drago to justice.”

“Today’s verdict sends a strong message to would-be fraudsters that the Tax Division is committed to not only pursuing defendants who seek to steal from the U.S. Treasury, but also those who take advantage of their fellow citizens through the use of schemes like the one perpetrated by Mr. Drago,” said Acting Assistant Attorney General Ciralo. “Mr. Drago lied to investors and to a government agency and he now faces prison and substantial monetary penalties.”

The evidence presented at trial established that Drago orchestrated a large-scale Nigerian oil investment fraud scheme. From at least 2004 through 2012, Drago told investors that money they invested would be used for legal fees and business expenses to fund the production, refinement and shipment of crude oil from Nigeria to the Bahamas. Along with co-conspirator Joseph Rizzuti, formerly of Palm City, Florida, Drago also told investors that the money they invested would fund the purchase of an oil refinery in the Bahamas. Drago lied to investors about his background, falsely claiming that he was an engineer and an expert in the oil industry with over 30 years of experience working worldwide. He also falsely told some investors that he was the grandson of

the Shell Oil founder and heir to a \$500 million trust that he had already spent on the Nigerian oil investment deal. None of these claims were true.

The government also presented evidence to establish that Drago and Rizzuti contracted with investors, promising them a short-term turn around on their investment in just 60 days with a return of up to 400 percent. Unwitting investors gave the conspirators more than \$2 million. Instead of investing in a Nigerian oil deal as promised, Drago and Rizzuti used most of the investors' money for personal expenses. Specifically, Drago spent the money on rent, groceries, memberships at the Tournament Players Club Summerlin golf course and an exclusive activity club in Turnberry Towers, both in Las Vegas, maintenance on his Mercedes Benz, jewelry, travel and luxury purchases at stores such as Louis Vuitton, Nordstrom and Sharper Image. In addition, nearly \$1 million of the investors' money was transferred to unknown bank accounts in China. Despite Drago's receipt of income from this fraudulent scheme, he failed to timely file his 2007 federal income tax return.

After the disgruntled investors' money was spent, Drago continued to lie to them about other elaborate oil-related schemes that would make them whole. He attempted to negotiate a fictitious financial instrument purporting to be an International Bill of Exchange worth \$10 million at a Wells Fargo Bank branch in Las Vegas. He also lied to federal agents of the Internal Revenue Service (IRS) who were investigating him when he told them that every penny of investor money went to Nigeria.

At the same time he was perpetrating the fraudulent Nigerian oil investment scheme, Drago also falsely claimed individual unemployability compensation benefits from the Veterans Affairs (VA). The evidence at trial established that for decades, Drago falsely claimed to have a debilitating military service-connected knee injury and was totally unable to work in any capacity, when in fact he was self-employed and running several businesses. The evidence showed that Drago was active and an avid golfer, spending more than \$100,000 on golf-related expenses between 2005 and 2008. Based upon his false claims to the VA, he received thousands of dollars in monthly VA benefits.

U.S. District Court Judge James Mahan set Drago's sentencing for June 14. Drago faces a statutory maximum sentence of up to 20 years in prison for the wire fraud conspiracy, 20 years in prison for each count of wire fraud, five years in prison for making or presenting false claims, 25 years in prison for passing a fictitious financial instrument, 10 years in prison for theft of government funds, five years in prison for making false statements to federal agents and one year in prison for failing to file a federal income tax return. He also faces mandatory restitution and financial penalties, including more than \$2 million in fines as well as the costs of prosecution.

Rizzuti pleaded guilty to conspiracy to commit wire fraud for his role in the Nigerian oil investment fraud scheme and an unrelated charge of obstructing the internal revenue laws. He was **sentenced** in May 2013 to 80 months in prison. Rizzuti testified against Drago at trial.

Assistant Attorney General Ciralo commended the special agents of IRS-Criminal Investigation and the Office of Inspector General at the Department of Veterans Affairs, who investigated the case and Trial Attorneys Charles M. Edgar Jr. and Sean Beaty of the Tax Division, who prosecuted the case. Assistant Attorney General Ciralo also thanked litigation technical support specialist John L. Kost, who provided trial support, and the U.S. Attorney's Office for the District of Nevada who provided invaluable assistance to the Tax Division.

###